SD Health Care Solutions Coalition

OCTOBER 21, 2015

Current Medicaid Program

What is Medicaid?

State and Federal partnership governed by Medicaid State Plan agreement

- Contract between Centers for Medicare and Medicaid Services (CMS)
- Partnership through state/federal matching for Medicaid services called the Federal Medical Assistance Percentage, or FMAP
- SD FY16 blended FMAP – 48.38% state and 51.62% federal

Different than Medicare

- Medicare is for individuals age 65 and older and some younger people with specific disabilities

Current Medicaid Program

Who is on Medicaid?

Low income children, people with disabilities, low income older adults, very low income parents of children

- Children up to 209% of the FPL ($50,683 annually for a family of four)
- Pregnant women up to 133% FPL ($33,465 annually for a family of four)
- Parents of children up to 49% of the FPL ($10,670 annually for a family of four)
- Elderly and disabled adults

Eligibility depends on several factors including age, financial criteria, and other criteria (residency, citizenship, disability)

- Income and resource limits vary by coverage group

Federal Poverty Guidelines

2015 CALENDAR YEAR FEDERAL POVERTY GUIDELINES

Annual Amount at Various Percentage Levels

Family Size	100%	116%	130%	138%	141%	175%	182%	185%	209%
1	$11,770	$13,653	$15,301	$16,243	$16,596	$20,598	$21,421	$21,775	$24,599
2	$15,930	$18,479	$20,709	$21,983	$22,461	$27,878	$28,993	$29,471	$33,294
3	$20,090	$23,304	$26,117	$27,724	$28,327	$35,158	$36,564	$37,167	$41,988
4	$24,250	$28,130	$31,525	$33,465	$34,193	$42,438	$44,135	$44,863	$50,683
5	$28,410	$32,956	$36,933	$39,206	$40,058	$49,718	$51,706	$52,559	$59,377
6	$32,570	$37,781	$42,341	$44,947	$45,924	$56,998	$59,277	$60,255	$68,071
7	$36,730	$42,607	$47,749	$50,687	$51,789	$64,278	$66,849	$67,951	$76,766
8	$40,890	$47,432	$53,157	$56,428	$57,655	$71,558	$74,420	$75,647	$85,460
Each Additional (approximately)	$4,160	$4,826	$5,408	$5,741	$5,866	$7,280	$7,571	$7,696	$8,694

*As of January 28, 2015

Medicaid (Pregnant Women)	***138%***
Medicaid	
Children Under Six	***182%***
Children Over Six	***111%***
CHIP Children's Health Insurance Program	***209%***
SNAP	***130%***

Current Medicaid Program

Who is on Medicaid?

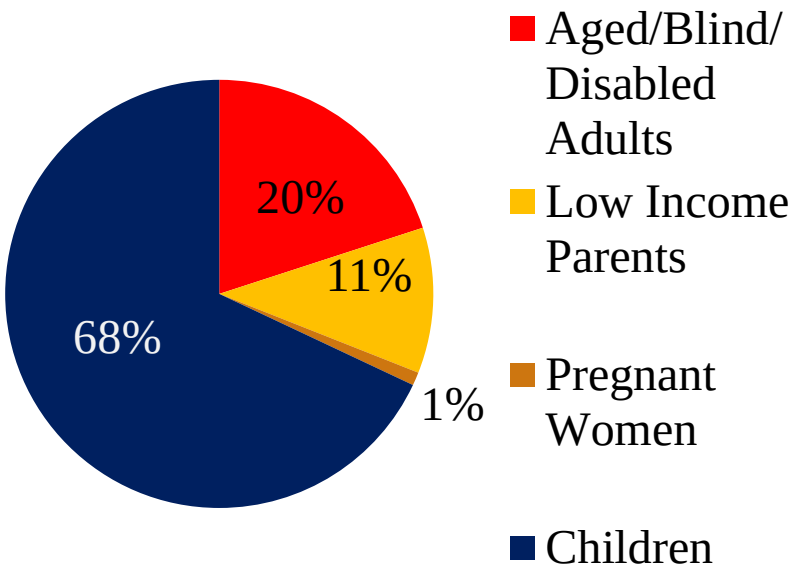
About 118,000 individuals (monthly average)

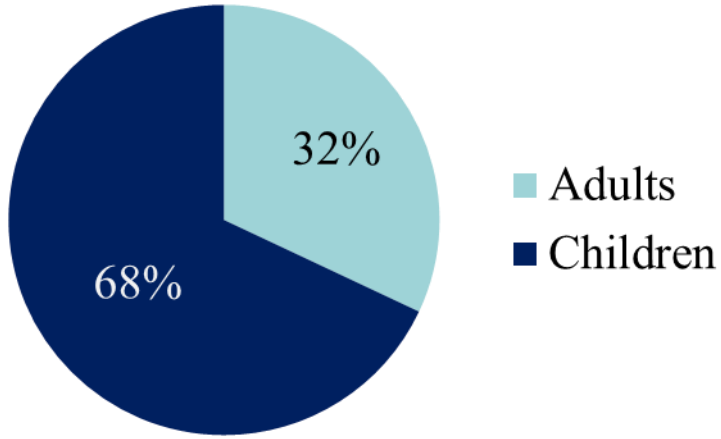
- 68% children- 32% adults
- 35.5% are Native American

Nearly 1 in 7 South Dakotans has coverage through Medicaid or CHIP

- 1 of every 3 persons under age 19
- 50% of children born in SD will be on Medicaid or CHIP during their first year of life

Current Medicaid Program





Current Medicaid Program

Medicaid Providers

More than 15,000 enrolled – on average 5,000 actively billing each month

- Includes both individual practitioners and facilities such as hospitals, clinics, etc.

Eligible providers render covered services under the scope of licensure/certification and administrative rules. Services must be medically necessary and physician directed; examples of providers eligible to enroll:

- Individual practitioners – physicians, dentists, psychologists, optometrists
- Facilities – hospitals, nursing homes, assisted living, community mental health center, clinics, FQHC

Eligible providers complete an online application, submit required documentation, and sign agreements that outline terms and conditions of participation

- Providers must meet federal requirements including screening and onsite visits for some providers

When individuals providing the covered services are not eligible to enroll, those services may be delivered under the supervision and direction of an enrolled provider

- For example, nurses are not eligible to enroll directly, so Medicaid-covered nursing services are billed through an enrolled supervising physician

Current Medicaid Program

How much do we spend?

$442.3 million total for typical health care services - FY14

- Excludes long term care, home and community based waiver services

$204.5 million for Native Americans - FY14

- $133.3 million at State's FMAP rate
- $71.2 million at 100% FMAP- all federal funds

Current Medicaid Program

How much do we spend?

Funds in Millions- FY14	IHS Provider- Native Americans	Non-IHS Provider- Native American	Non-IHS Provider- Non-Native Americans	Total Medicaid Health Care Expenditures FY14
General Funds	$0	$64	$114	$178
Federal Funds	$71	$69	$124	$264
Total	**$71**	**$133**	**$238**	**$442**

Current Medicaid Program

How is IHS funded?

- Like any other healthcare provider, IHS bills third party payers including Medicaid, Medicare, and private health insurance
- When there is no third party payer, IHS utilizes funding it receives directly from the federal government through an appropriation
- IHS has a limited federal appropriation and utilizes a priority system to determine which healthcare services it can provide directly and which to refer to non-IHS providers

Current Medicaid Program

How does the FMAP work for Native Americans?

- Eligibility for IHS - Tribal membership or Indian descendency
- Can be eligible for IHS and also Medicaid eligible
- Tribes also can choose to operate a Tribal Health Organization – “638 organizations”
- Native Americans eligible for both Medicaid and IHS can receive care through IHS or non-IHS providers

Current Medicaid Program

How does the FMAP work for Native Americans?

- When individuals eligible for both IHS and Medicaid get services at an IHS/Tribal 638 provider - IHS bills Medicaid, and the federal government pays 100% FMAP
  - $71.2 million in FY14 - 100% FMAP

- When individuals eligible for both IHS and Medicaid get services at a non-IHS/Tribal 638 provider, the non-IHS provider bills Medicaid and the federal government pays at the State's FMAP and the State pays the remaining share
  - $133.3 million in FY14 – State FMAP rate
    - Of this amount $64.1 million (48%) is State general funds

Current Medicaid Program

How does funding work for Native Americans?

- Example - 100% FMAP: A 10-year-old Tribal member is examined at an IHS facility . Her condition requires treatment which is available at the IHS facility. The child is eligible for Medicaid so IHS bills Medicaid. The federal government pays the entire bill.

- Example - State's FMAP: A 10-year-old Tribal member is examined at an IHS facility. Her condition requires treatment which is not available at the IHS facility, and she is referred to Rapid City Regional Hospital. The child is eligible for Medicaid, so Rapid City Regional bills Medicaid. The federal government pays at the State's FMAP rate, or roughly half the bill. The State of South Dakota pays the other half.

Current Medicaid Program

How does funding work for Native Americans?

- Example - 100% FMAP: A low-income adult tribal member is examined in June at IHS. His condition requires treatment which is available at the IHS facility. The federal government pays the entire bill.

- Example – IHS Purchase and Referred Care: A low-income adult tribal member is examined in June at IHS. His condition requires treatment which is not available at the facility, and he is referred to the Rapid City Regional Hospital. The IHS purchased and referred care funding has been exhausted in the current federal fiscal year, and no additional funding will be available until October. The adult is not eligible for Medicaid. The tribal member must pay for the treatment himself or wait until the next federal fiscal year.

Current Medicaid Program

How does funding work for Native Americans?

- Example - A low-income adult tribal member has an emergency while in Rapid City. He is treated in the emergency room at Rapid City Regional Hospital, does not have private insurance and is not eligible for Medicaid. The tribal member must pay the bills himself or risk having the bills turned over to a collection agency.

Current Medicaid Program

Why do individuals eligible for IHS go to non-IHS providers?

- Services they need aren't available through IHS/Tribal 638 facilities
  - Specialty physician care
  - Certain inpatient hospital services
- Geographic issues
  - Some individuals eligible for IHS don't live close enough to IHS/Tribal 638 facilities to reasonably access services
  - No IHS/Tribal 638 facilities in Sioux Falls; Sioux San IHS hospital in Rapid City has limited services
- Quality and choice
  - Individuals eligible for IHS may prefer to use non-IHS providers

Medicaid Expansion in SD

Who would be eligible if Medicaid expanded in South Dakota?

Would add people up to 138% of the Federal Poverty Level (FPL)

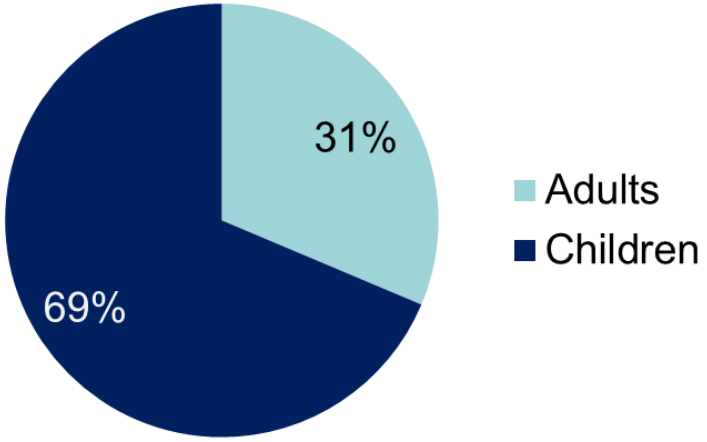
- $16,243 per year for one person

- Estimated eligibles - 48,500 people

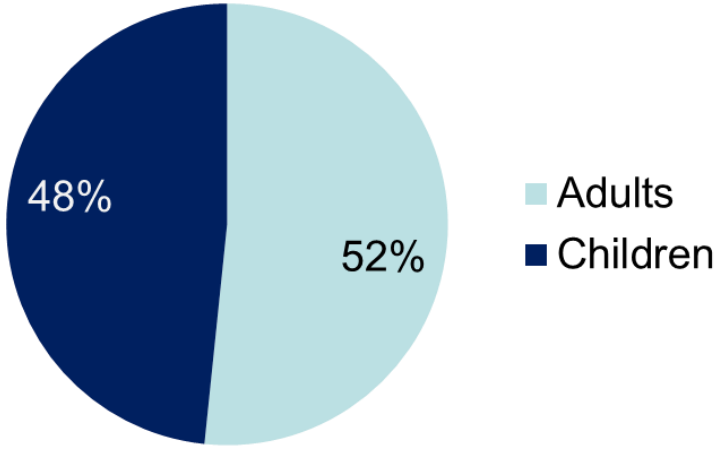
- Adults with no children or with children and incomes between 50% and 138% FPL
  - 26,000 under 100% FPL
  - 22,500 between 100% and 138% FPL
  - 27% are Native American

Medicaid Expansion in SD

Individuals Currently Medicaid Eligible



Individuals Eligible with Expansion



*Based on 2011 Market Decisions Report

Medicaid Expansion in SD

Costs of Medicaid Expansion

FY2020 and beyond - FMAP is 90/10 for expansion group

- 10% state costs
- Administrative costs continue to be paid at 50/50 FMAP

Total cost of expansion

- $379.2 million - FY2020
  - $345.2 million federal
  - $34 million State (gross)
  - Net cost to State - $30-$33 million

Medicaid Expansion in SD

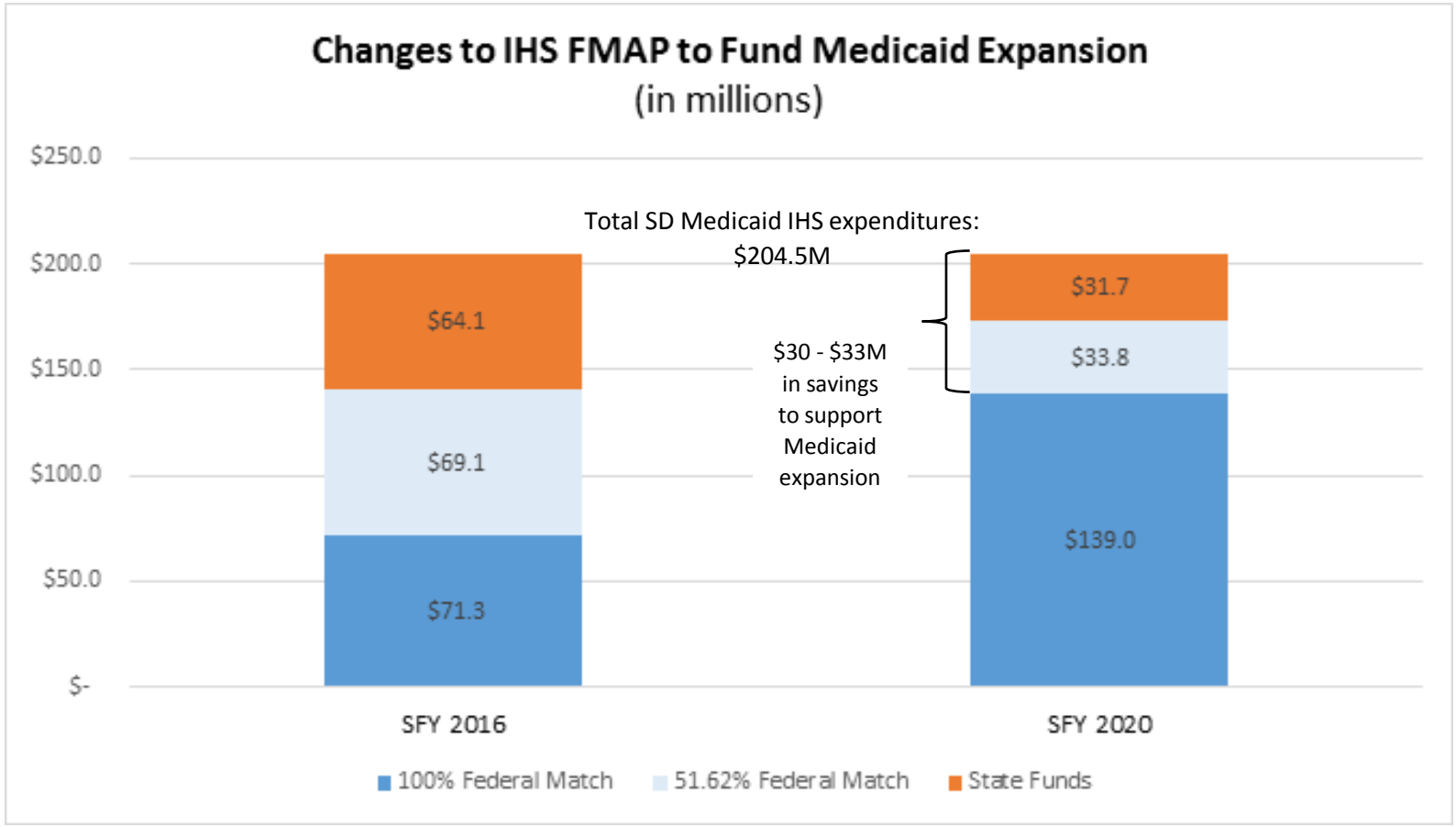
March 2015 - Concept Paper

- Asked federal government to reconsider how it funds Medicaid services for individuals eligible for IHS that are accessed at non-IHS/Tribal 638 facilities

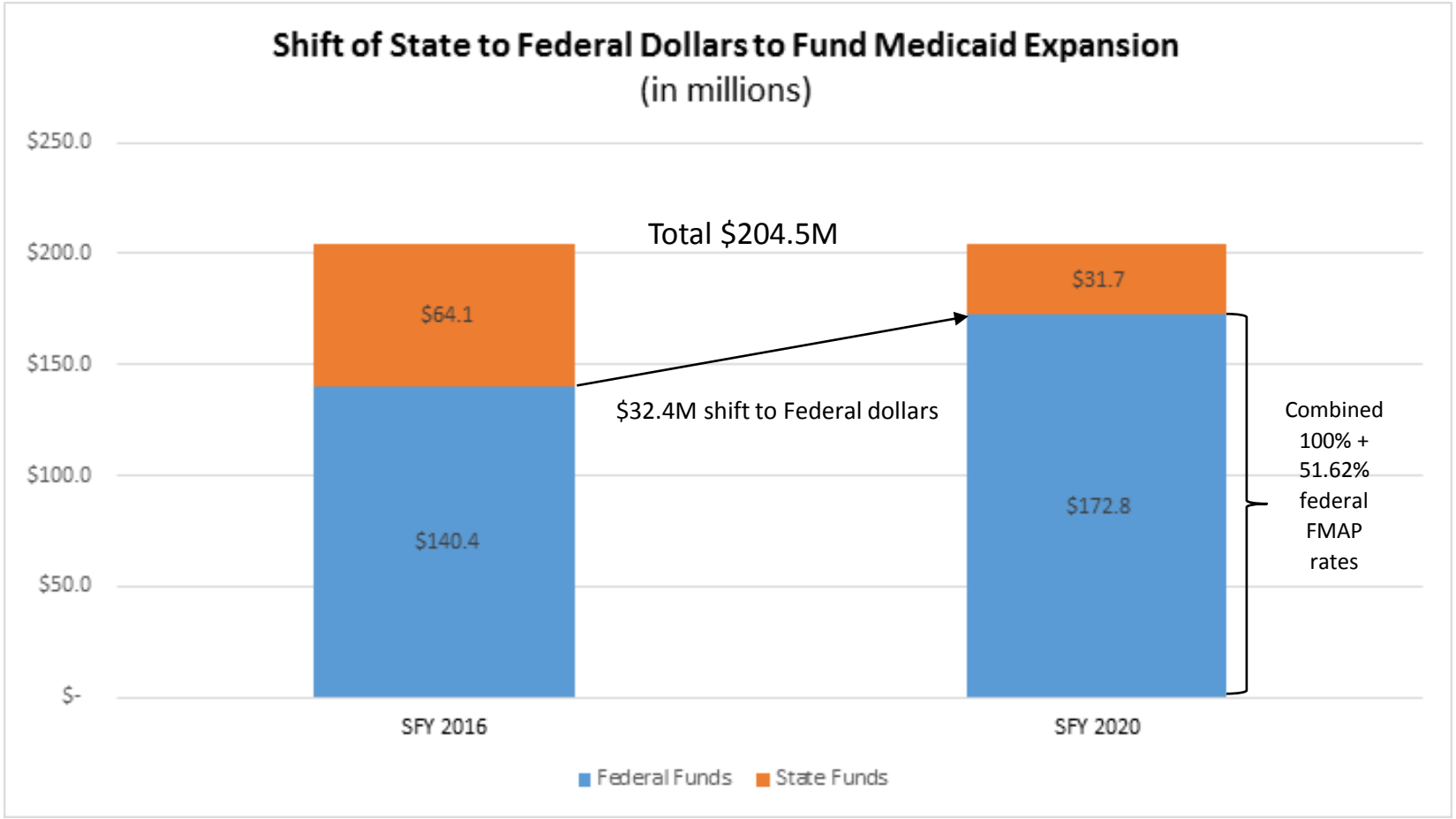
- State would work increase access to care for individuals eligible for IHS
  - Examples – expand telehealth, provide specialty clinics in IHS/Tribal 638 facilities, provide new services to decrease high cost expenses

- If enough funds could be freed up, repurpose existing general funds in Medicaid to pay State costs of Medicaid expansion

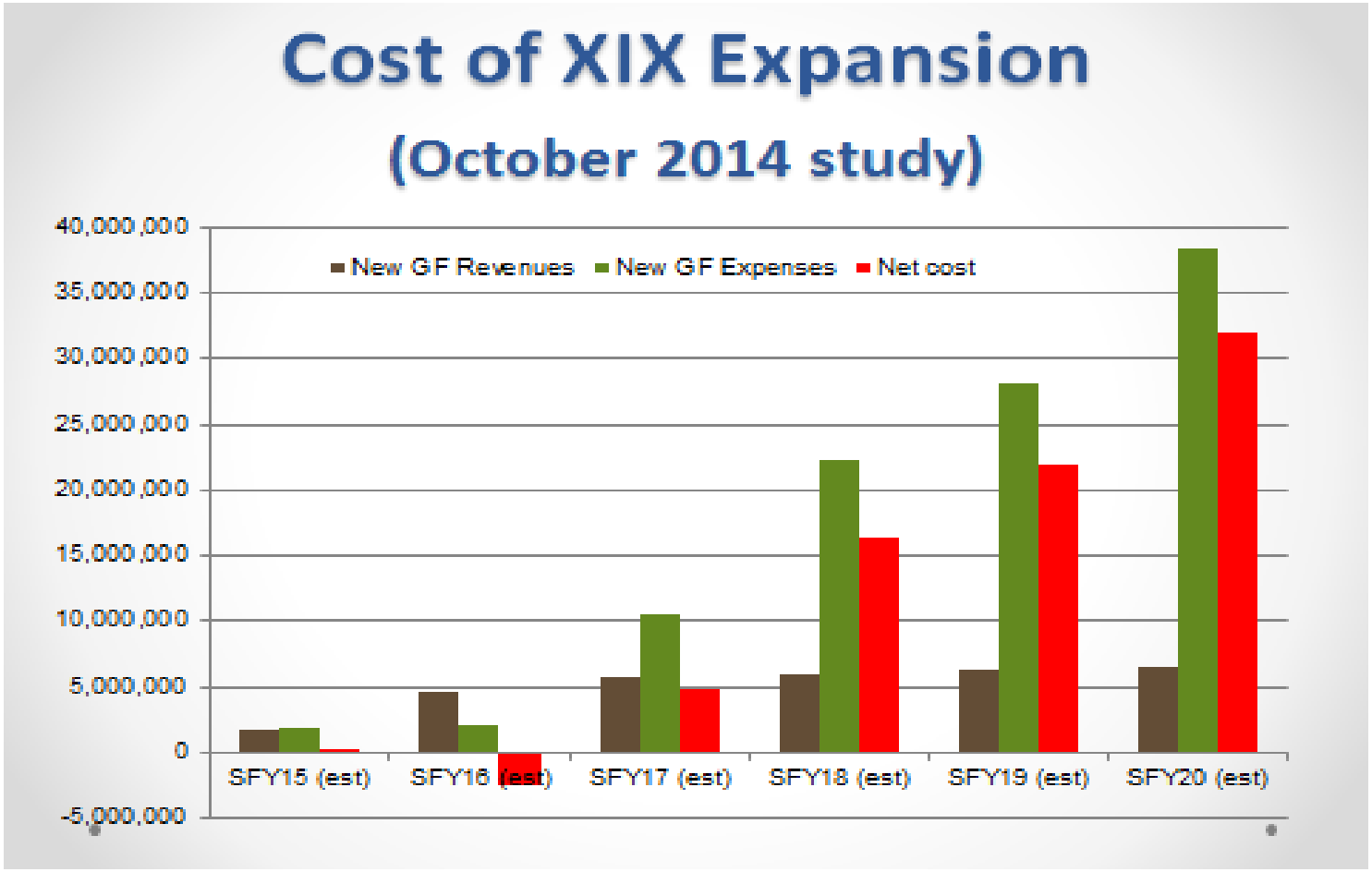
Medicaid Expansion in SD



Medicaid Expansion in SD



Medicaid Expansion in SD



Medicaid Expansion in SD

Depending on federal changes….

- Approach makes expansion budget neutral, at worst, and possibly budget positive
- Federal government could be correcting long-standing funding issues for IHS eligibles

Additional considerations:

Need for conservative projections for expansion

- Other states have underestimated expansion costs, to their detriment
- Potential of pent up demand for services for new population

If there is additional money, we will not spend it until we are sure to first cover all costs of expansion - both anticipated and unanticipated

Medicaid Expansion in SD

Looks promising, but is complicated

- Devil is in the details!
- Plan won't come together unless Tribes, Indian Health Service, health systems, the State and the federal government all make changes needed to work through these complex issues

Without support from the Tribes, it won't happen

- Medicaid has to go through Tribal consultation before submitting changes to the program
- Improved access and outcomes for Tribal members must be part of this

Also must have State Legislature support, or it won't happen

Questions?